



Employee Stock Option Scheme II

Home First Finance Company India Limited



Home First Finance Company India Limited
511, Acme Plaza, Andheri Kurla Road, Andheri East, Mumbai 400 059, India

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1. Name, Objective, Scope and Term of the Scheme

- 2.1 This Scheme shall be called the Employee Stock Option Scheme II (hereinafter referred to as “ESOP II” or “Scheme”).
- 2.2 The objective of ESOP II is, *inter alia*, to reward Employees (as defined hereinafter) for their association with Home First Finance Company India Limited (the “Company”) and performance as well as to motivate them to contribute to the growth and profitability of the Company. The Company also intends to use this Scheme to attract and retain talent in the organization. The Company views Options (as defined hereinafter) as instruments that would enable the Employees to get a share in the value they create for the Company in the years to come.
- 2.3 ESOP II was approved by the board of directors of the Company (the “Board”) on January 30, 2018 and by the members of the Company on February 28, 2018. ESOP II was established with effect from April 1, 2017 (“Effective Date”) and shall continue to be in force until (i) its termination by the Board or (ii) the date on which all the Options available for issuance under ESOP II have been issued and exercised, whichever is earlier.
- 2.4 The Company may, in its sole discretion, Grant Options (as defined hereinafter) to such Employees, as it may deem fit, under ESOP II. Notwithstanding anything contained herein, nothing in ESOP II shall be deemed to impose any obligation on the Company to Grant or continue to Grant any Options pursuant to ESOP II.
- 2.5 The Board or the Nomination and Remuneration Committee may, subject to compliance with Applicable Law, at any time alter, amend, suspend or terminate ESOP II.
- 2.6 Subject to Applicable Law, notwithstanding anything contained in this Scheme, for the avoidance of doubt, it is hereby clarified that Grants already made under this Scheme prior to any amendment to ESOP II, and other actions taken pursuant to ESOP II prior to any amendment to ESOP II, will not be considered invalid or require any further action under the amended Scheme.

2. Definitions and Interpretation

2.1 Definitions



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In ESOP II, except where the context otherwise requires, the following words and expressions shall have the meanings as ascribed hereunder:

- i. **“Abandonment”** with respect to an Employee, shall mean to abandon the Company without any notice or without the prior consent of the Company for a period equal to or more than 1 (one) month.
- ii. **“Applicable Law”** includes every statute, rule, regulation, guideline, circular or notification relating to employee stock options, including, without limitation to, the Companies Act read with the Companies (Share Capital and Debenture Rules), 2014, the SEBI SBEB Regulations and all relevant tax, securities, exchange control or corporate laws of India, including any enactment, re-enactment, amendment, modification or alteration thereof.
- iii. **“Articles”** means the articles of association of the Company as amended from time to time;
- iv. **“Board”** shall mean the board of directors of the Company, including any duly constituted committee as the context requires.
- v. **“Companies Act”** shall mean the Companies Act, 2013 and includes any statutory modifications or reenactments thereof.
- vi. **“Company”** shall mean “Home First Finance Company India Limited”, company registered under the provisions of the Companies Act, 1956 having its registered office at 511, Acme Plaza, Andheri Kurla Road, Andheri East, Mumbai 400 059, India.
- vii. **“Company Policies/Terms of Employment”** shall mean the Company’s policies for employees, or employees of a subsidiary, in India or outside, or of a holding company of the Company, and the terms of employment as contained in the employment letter or contract or agreement, which includes provisions for securing confidentiality and non-compete.
- viii. **“Director”** shall mean a director on the Board, duly appointed in terms of the Companies Act.



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- ix. **“Eligibility Criteria”** shall mean the criteria as may be determined from time to time by the Nomination and Remuneration Committee for granting the Options to the Employees.
- x. **“ELS”** means the employee liquidity scheme approved by the Board of the Company by a resolution dated October 15, 2020, and by the shareholders of the Company by a resolution dated October 15, 2020.
- xi. **“Employee”** shall mean (i) a permanent employee of the Company who has been working in India or outside India; or (ii) a Director, whether a whole time director or not but excluding an independent director; or (iii) an employee, as defined in sub-clauses (i) or (ii) in this para, of a subsidiary, in India or outside, or of a holding company of the Company, but excludes:
- a) an employee who is a promoter or belongs to the promoter group;
 - b) a director who either by himself or through his relatives or through any body corporate, directly or indirectly, holds more than 10% of the issued, subscribed and paid-up equity share capital of the Company.
- xii. **“Employee Stock Option” or “Option”** shall mean the option granted to an Employee, which gives such Employee the right, but not an obligation, to purchase or subscribe at a future date the Shares offered by the Company, directly or indirectly, at a pre-determined price.
- xiii. **“ESOP II”** shall mean this Employee Stock Option Scheme II under which the Company is authorized to grant Options to the Employees.
- xiv. **“Exercise”** of an Option shall mean making of an application by an Employee to the Company for issue of Shares against Vested Options, in pursuance of ESOP II, in accordance with the procedures laid down by the Company for Exercise of Options.
- xv. **“Exercise Period”** shall mean such time period as specified, after Vesting, within which the Employees are entitled to exercise their rights to apply for Shares against the Vested Options in pursuance of ESOP II.



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- xvi. **“Exercise Price”** shall mean the price payable by an Employee in order to Exercise the Options granted in pursuance of ESOP II to be determined by the Board or the Nomination and Remuneration Committee in accordance with the terms of this ESOP II.
- xvii. **“Fair Market Value”** shall mean the fair market value of equity shares as on the date of Grant as determined by an independent valuer or by any other valuer, in compliance with Applicable Law.
- xviii. **“Grant”** shall mean the process by which the Company will issue Options to the Employees under ESOP II.
- xix. **“Holding Company”** shall mean a holding company of the Company, as defined in the Companies Act.
- xx. **“Independent Director”** shall mean a Director within the meaning of Section 149(5) of the Companies Act.
- xxi. **“Listing”** shall mean listing of the Company’s equity share on any recognized Stock Exchange.
- xxii. **Misconduct** means disregard of the Company’s bye-law, rules, regulations and the Company Policies/Terms of Employment and includes mismanagement of position by action or inaction, alleged wrong doing, misfeasance, or violation of any rule, regulation or law which was expected to be abided by the Employee, as may be determined by the Board or the Nomination and Remuneration Committee.
- xxiii. **“Nomination and Remuneration Committee”** shall mean a committee constituted or which may be constituted or reconstituted by the Board from time to time under Section 178 of the Companies Act with a view to entrust the supervision and administration of ESOP II or any other stock based incentive plans of the Company.
- xxiv. **“Option Grantee”** shall mean an Employee who has been granted Options in pursuance of ESOP II and having a right but not an obligation to exercise the Vested Options and shall deem to include nominee/legal heir of such Option



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Grantee in case of death of Option Grantee to the extent provisions of ESOP II are applicable.

- xxv. **“Permanent Disability”** shall mean any disability of whatsoever nature, whether physical, mental or otherwise, which incapacitates or prevents or handicaps an Employee from performing any specific job, work or task which the said Employee was capable of performing immediately before such disablement or as a consequence of which, the employment of such Employee with the Company comes to an end, as determined by the Board based on a certificate of a medical expert identified by the Board.
- xxvi. **“Retirement”** shall mean retirement as per the rules of the Company.
- xxvii. **“SEBI SBEB Regulations”** shall mean the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended.
- xxviii. **“Shares”** shall mean equity shares of the Company arising out of the exercise of Options granted under ESOP II.
- xxix. **“Stock Exchange”** means the National Stock Exchange of India Limited, BSE Limited, or any other recognized stock exchange in India on which the Company’s Shares are listed or to be listed.
- xxx. **“Subsidiary”** shall mean any present or future subsidiary company of the Company in India or outside, as defined in the Companies Act.
- xxxi. **“Transfer”** shall mean to directly or indirectly, sell, transfer, pledge, encumber, deal with, dispose – off or create any other third party rights.
- xxxii. **“Unvested Option”** shall mean an Option in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Option Grantee has not become eligible to exercise the Option.
- xxxiii. **“Vested Option”** shall mean an Option in respect of which the relevant Vesting Conditions have been satisfied and the Option Grantee has become eligible to exercise the Option.



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xxxiv. “**Vesting**” shall mean the process by which the Option Grantee becomes entitled to receive the benefit of the Grant made, but does not have an obligation to Exercise the Options granted, in pursuance of ESOP II.

xxxv. “**Vesting Condition**” shall mean any condition subject to which the Options Granted would Vest in an Option Grantee.

xxxvi. “**Vesting Period**” shall mean the period during which the Vesting of the Options granted to the Employees, in pursuance of ESOP II takes place.

2.1 Interpretation

In ESOP II, unless the contrary intention appears:

- a) the clause headings are for ease of reference only and shall not be relevant to interpretation;
- b) a reference to a clause number includes a reference to its sub-clauses;
- c) words in singular number include the plural and vice versa;
- d) words importing a gender include any other gender;
- e) a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference.

The terms defined in ESOP II shall for the purposes of ESOP II have the meanings herein specified and terms not defined in ESOP II shall have the meanings as defined in the Companies Act or Applicable Law, as the context requires. Reference to any act, rules, regulations, statute, circular or notification shall include any statutory modifications, substitution, alteration, amendment or re-enactment thereof.

3. Authority and Ceiling

- 3.1 The Board in its meeting on February 28, 2018 had resolved to Grant to Employees under ESOP II, a maximum of 687,548 (Six Lakh Eighty Seven Thousand Five Hundred and Forty Eight) Options exercisable as per terms and conditions mentioned herein and convertible into 687,548 (Six Lakh Eighty Seven Thousand Five Hundred and Forty Eight)



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Shares having face value of Rs. 10 (Rupees Ten only) each, with each such Option conferring a right upon the Employee to apply for one Share of the Company, in accordance with the terms and conditions of ESOP II. Subsequently, the Board in its meeting on May 13, 2019 increased the maximum number of Options that can be granted under ESOP II to 825,058, which was approved by the shareholders at their meeting on June 12, 2019.

- 3.2 If a Vested Option expires or becomes un-exercisable due to any reason, it shall become available for future Grants, subject to compliance with all Applicable Law and terms hereof.
- 3.3 Where Shares are issued consequent upon Exercise of an Option under ESOP II, the maximum number of Shares that can be issued under ESOP II as referred to in Clause 3.1 above will stand reduced to the extent of such Shares issued pursuant to the exercise of Vested Options.
- 3.4 In case of a share-split or consolidation, if the revised face value of the equity shares of the Company is less or more than the current face value as on the Effective Date, the maximum number of shares available for being granted under ESOP II shall stand modified accordingly, so as to ensure that the cumulative face value (No. of shares X Face value per share) prior to such split or consolidation remains unchanged after the share split or consolidation, as the case may be. Thus, for instance, if the face value of each share is reduced to Rs. 5, the total number of shares available under ESOP II would be (shares reserved under Clause 3.1 X 2) equity shares of Rs. 5 each. Similarly, in case of bonus issue, the available number of Shares under ESOP II shall be revised to restore the value.

4. Administration

- 4.1 ESOP II shall be administered by the Nomination and Remuneration Committee. All questions of interpretation of ESOP II or any Option shall be determined by the Board or the Nomination and Remuneration Committee and such determination shall be final and binding upon all persons having an interest in ESOP II or such Option. Neither the Company nor the Board shall be liable for any action or determination made in good faith with respect to ESOP II or any Options granted thereunder.



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- 4.2** The Nomination or Remuneration Committee shall in accordance with ESOP II and Applicable Law determine the following:
- (a) The quantum of Options to be granted under ESOP II per Employee, subject to the ceiling as specified in Para 3.1;
 - (b) The conditions under which the Options may vest in Employees and may lapse in case of termination of employment for Misconduct;
 - (c) The number of tranches in which the Options are to be granted;
 - (d) The Exercise Period within which the Employees can exercise their Options and that the Options would lapse on failure to exercise the same within the Exercise Period;
 - (e) The specified time period within which the Employee shall exercise the Vested Options in the event of termination or resignation of an Employee;
 - (f) The right of an Employee to exercise all the Vested Options at one time or at various points in time within the Exercise Period;
 - (g) The procedure for making a fair and reasonable adjustment to the number of Options and/or to the Exercise Price in case of corporate actions such as split, consolidation, rights issues, bonus issues, merger, sale of division and others. In this regard the following shall be taken into consideration, in accordance with Applicable Law:
 - i. the number and / or the Exercise Price of the Options shall be adjusted in a manner such that the total value of Options remains the same before and after such corporate action; and
 - ii. the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Option Grantees.
 - (h) The Grant, Vesting and Exercise of Options in case of Employees who are on long leave; and



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- (i) The procedure for cashless exercise of Options, if required.

5. Eligibility and Applicability

5.1 Only Employees are eligible for being considered for the purposes of being granted Options under ESOP II. The specific Employees to whom the Options would be Granted and their Eligibility Criteria would be determined by the Board or the Nomination and Remuneration Committee.

5.2 Options may be granted to Employees of the Company, its subsidiary companies in India or outside, its holding company, as determined by the Board on its own discretion, and shall be in accordance with the Applicable Law.

Provided that Grant to the Employees of any Subsidiary Company or Holding Company shall require prior approval of the shareholders of the Company.

5.3 In case of any inconsistency between ESOP II and the SEBI SBEB Regulations, the SEBI SBEB Regulations shall prevail.

6. Vesting Schedule / Conditions

Options granted under ESOP II shall vest not earlier than one year from the date of Grant of such Options, or as may be determined by the Board or the Nomination and Remuneration Committee, subject to Applicable Law. Vesting of Options would be subject to continued employment of the Employee with the Company, including subsidiary companies and holding company, as the case may be. In addition to this, the Board may also specify certain performance parameters subject to which the Options would Vest. The specific Vesting schedule and conditions subject to which Vesting would take place is Annexed hereto. The Vested Options and the shares issued pursuant to the options shall be subject to the additional conditions set out in the Articles and the ELS. Provided however that, Article 8 of Part B of the Articles and the ELS shall be effective only until Listing.

7. Exercise

7.1. Exercise Price



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- a) The Exercise Price shall be such price as determined by the Board and Nomination and Remuneration Committee from time to time based on the Fair Market Value and in the best interest of the various stakeholders in the prevailing market conditions and subject to Applicable Law. If the Shares are Listed at the time of Exercise of the Options, the Exercise Price shall be the closing price on the recognized stock exchange with the highest trading volume as on the day prior to the date of Grant.

Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favor of the Company or in such other manner as the Board may decide from time to time.

- b) The options can be exercised as per the provisions outlined in the table below:

Vested Options		
1	While in Employment	All the Vested Options can be exercised within 10 years of date of Vesting of the Options.
2	Resignation / Termination (other than due to misconduct or breach of Company Policies/Terms of Employment)	All the Vested Options as on the date of resignation/termination of employment shall be Exercisable by the Option Grantee after the expiry of a period of 3 (three) months and within 6 (Six) months from the last working day of such Employee with the Company ("Post Termination Exercise Period"). Provided that after the expiry of six months, the Vested Options shall lapse, if not Exercised, in accordance with Applicable Law. Provided further that the Board / Nomination & Remuneration Committee of the Company may extend the exercise period further as it deems fit.
3	Termination due to misconduct or due to breach of Company Policies/Terms of Employment	All the Vested Options, which were not Exercised at the time of such termination, shall stand cancelled with effect from the date of such termination of employment.
4	Retirement / Early Retirement	All Vested Options as on the date of termination of employment due to retirement can be Exercised by



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Vested Options		
	approved by the Company	the Option Grantee within 6 (Six) months from the date of such retirement. Provided that after the expiry of six months, the Vested Options shall lapse, if not Exercised, in accordance with Applicable Law.
5	Death	All Vested Options as on the date of death of the Option Grantee shall be Vested in their legal heirs or nominees and may be Exercised by the Option Grantee's nominee or legal heirs within 12 months from the date of Death of the Option Grantee.
6	Permanent Disability	All Vested Options as on the date of termination of employment due to Permanent Disability may be Exercised by the Option Grantee or, in case of his/her subsequent Death, the nominee or legal heirs, within 12 months from the date of incurring such Permanent Disability.
7	Abandonment	All the Vested Options shall stand cancelled on such date as the Board, in its sole discretion decides and such decision shall be binding on all concerned.
8	Transfer or deputation from/to Company, Subsidiary Company, or Holding Company	All the Vested Options shall be exercisable as if the employment/service is continuing unless otherwise decided by the Board and such decision shall be binding on all concerned.
9	Termination due to reasons apart from those mentioned above	All the Vested Options as on date of such termination shall stand cancelled unless otherwise decided by the Board and such decision shall be binding on all concerned.
Unvested Options		
1	While in Employment	The Unvested Options would continue to Vest as per the original vesting schedule subject to the terms and conditions in ESOP II.
2	Resignation / Termination (other than due to misconduct or breach of Company Policies/Terms of Employment)	All Unvested Options as on the date of such termination/resignation shall stand cancelled with effect from the date of resignation/termination of employment.



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Vested Options		
3	Termination due to misconduct or due to breach Company Policies/Terms of Employment	All Unvested Options on the date of such termination shall stand cancelled with effect from the date of such termination of employment.
4	Retirement / Early Retirement approved by the Company	All Unvested Options as on the date of termination of employment due to retirement shall vest immediately and can be exercised by the Option Grantee within six months from the date of such retirement. Provided that after the expiry of six months, the Vested Options shall lapse, if not exercised.
5	Death	All Unvested Options as on the date of death of the Option Grantee shall Vest immediately and can be Exercised by the Option Grantee's nominee or legal heirs within 12 months from the date of death of the Option Grantee.
6	Permanent Disability	All Unvested Options as on the date of termination of employment due to Permanent Disability shall Vest immediately and can be Exercised by the Option Grantee or, in case of his/her death, the nominee or legal heirs within 12 months from the date of incurring such Permanent Disability.
7	Abandonment	All the Unvested Options shall stand cancelled on such date as the Board, in its sole discretion decides and such decision shall be binding on all concerned.
8	Transfer or deputation from/to Company, Subsidiary Company, or Holding Company	All the Unvested Options shall continue to vest as per original vesting schedule unless otherwise decided by the Board and such decision shall be binding on all concerned.
9	Termination due to reasons apart from those mentioned above	All Unvested Options on the date of such termination shall stand cancelled unless otherwise required by Applicable Law.
Unvested Options and Vested Options		
1.	Competing Business	In the event, an Option Grantee engages in a business that is competing with that of the Company ("Competing Business") or enters into any commercial arrangement with any person who



Vested Options		
		<p>undertakes a Competing Business either during the employment with the Company or any time thereafter, then:</p> <p>(i) all the Vested Options and Unvested Options granted to the Employee shall stand cancelled and the said Employee shall not be entitled to exercise any of the Options thereafter; and</p> <p>(ii) The Board shall have the right, at its sole discretion, to nominate any person to purchase from such Option Grantee, any or all the Shares, whether arising out of the exercise of the Vested Options held by such Option Grantee or otherwise, at the Fair Market Value of the Shares. The Option Grantee shall execute all such agreements and perform all such actions as may be required for consummation of such transfer. Provided however that, the provisions of this sub-paragraph (ii) shall be effective only until Listing</p> <p>For avoidance of doubt, the above shall not apply if any Option Grantee joins a Competing Business.</p>

- c) If an Option Grantee desires to exercise all or any part of his/her Vested Options, then the concerned Option Grantee shall during the Exercise Period, issue a letter to the Company in the format prescribed by the Board or the Nomination and Remuneration Committee (“Exercise Application”). The Company shall thereafter, subject to the terms and conditions in this ESOP II and Applicable Law, issue and allot Shares to the Option Grantee within a period of 120 days (One hundred and twenty days) from the date of receipt of the Exercise Application by the Company. The original share certificates for the Shares allotted by the Company shall be maintained in the custody of the Company as per the mode identified by the Board.
- d) The Company shall, at the time of issue of such shares upon Exercise of Options, provide the Option Grantee with a letter of allotment in the format prescribed by



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the Board (“**Letter of Allotment**”) evidencing the issue of the Shares to the Option Grantee as per the terms hereof.

- e) The Option Grantee shall, prior to the issue of Shares or at any time thereafter as may be required by the Board, also execute a power of attorney in the format prescribed under Annexure III hereto or any other format as prescribed by the Board (“**PoA**”) entitling the persons identified by the Board of the Company to execute all such documents and perform all such actions as are necessary for transfer of Shares allotted to the Employees as per the provisions of the Articles including for dematerialization of the Shares.
- f) In the event of termination of employment or resignation by an Option Grantee or any other situation in which options granted to such Option Grantee may be exercised after the Option Grantee has ceased to be in the Company’s employment, such Option Grantee or his/ her legal heirs or nominees, as the case may be, shall execute a PoA in the format set out in Annexure III (“**Annexure III PoA**”) as a condition precedent to exercise of such options. For the avoidance of doubt, an Option Grantee or his/ her legal heirs or nominees shall not be entitled to exercise any of such Option Grantee’s Vested Options until the Annexure III PoA has been duly executed and delivered to the Company.
- g) The Company and any person authorized by the Company shall be entitled to take actions on behalf of an Option Grantee pursuant to an Annexure III PoA only if:
(i) the Investor Drag Right (*as defined in the ELS*) has been triggered; and (ii) the Option Grantee has not complied with or refused to comply with his/her obligations set out under Paragraph 4.2 of the ELS.
- h) Paragraphs 7.1(f) and 7.1(g) shall be effective only until Listing.

8. Other Terms and Conditions

- 8.1 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Company (for example, bonus shares, rights shares, dividend, voting, etc.) in respect of any Shares covered by the Grant until the Option Grantee Exercises the Option and becomes a registered holder of the Shares of the Company.



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- 8.2 Until the Listing of Shares, the Options shall not be transferred, sold, pledged, hypothecated, mortgaged or otherwise alienated by the Option Holder in any manner other than as specified in this ESOP II.
- 8.3 If the Company issues bonus or rights shares, the Option Grantee will not be eligible for the bonus or rights shares in the capacity of an Option Grantee. However, an adjustment to the number of options or the exercise price or both would be made in accordance with Clause 4.2(f) of ESOP II.
- 8.4 No person other than the Employee to whom the Option is granted shall be entitled to Exercise the Option except in the event of the Death of the Option Grantee and as per the terms hereof.
- 8.5 To the extent contemplated herein, the provisions of ESOP II shall survive any Exercise of the Option and shall remain in full force and effect.

9. Restriction on transfer of shares and Lock In

- 9.1 Shares arising out of Exercise of Vested Option shall be subject to restrictions as laid out in the ELS, the Articles and/or as specified by the Board with respect to transfer of Shares and the terms of ESOP II.

10. Taxation

The Company shall have the right to deduct, from the Employee's salary, any of the Employee's tax obligations arising in connection with the Option or the Shares acquired upon the Exercise thereof. The Company shall have no obligation to deliver Shares until the Employee's tax obligations relating to Option, if any, of the respective Option Grantee, have been satisfied by the Option Grantee.

11. Disclosure and Accounting Policies

The Company shall comply with the disclosure and the accounting policies prescribed as per "Guidance Note on Accounting for Employee Share-Based Payments" issued by Institute of Chartered Accountants of India (ICAI) any modifications or reenactments



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thereof. The Board shall, *inter alia*, disclose either in the Directors report or in the annexure to the Director's report, the details of ESOP II, in accordance with Applicable Law.

12. Method of Option valuation

Employee compensation cost shall be computed by the Company in accordance with applicable accounting standards.

13. Authority to vary terms

The Board may at its sole discretion revise any of the terms and conditions in respect of existing or any new Grant of Options, subject to compliance with Applicable Law.

14. Miscellaneous

14.1 Government Regulations

ESOP II shall be subject to all Applicable Law, and approvals from governmental authorities. The Grant and the allotment of Shares under this ESOP II shall also be subject to the Company requiring Employees to comply with all Applicable Laws.

14.2 Inability to obtain authority

The inability of the Company to obtain authority from any regulatory body having jurisdiction over the Company, or under any Applicable Law, for the lawful issuance and sale of any Shares hereunder shall relieve and wholly discharge the Company of any and all liability in respect of the failure to issue or sell such Shares.

14.3 The grant of an Option does not form part of the Option Grantee's entitlement to compensation or benefits pursuant to his contract of employment or Company Policies/Terms of Employment nor does the existence of a contract of employment between any person and the Company give such person any right or entitlement to have an Option granted to him in respect of any number of shares or any expectation that an Option might be granted to him whether subject to any condition or at all.

14.4 Neither the existence of ESOP II nor the fact that an individual has on any occasion been granted an Option shall give such individual any right, entitlement or expectation that he



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has or will in future have any such right, entitlement or expectation to participate in ESOP II by being granted an Option on any other occasion.

- 14.5 The rights granted to an Option Grantee upon the grant of an Option shall not provide the Option Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).
- 14.6 The Option Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to exercise an Option in whole or in part and the Option Grantee hereby waives any right that he may have in this regard.

15. Notices

All notices of communication required to be given by the Company to an Option Grantee by virtue of this ESOP II shall be in writing and shall be sent to the address of the Option Grantee available in the records of the Company and any communication to be given by an Option Grantee to the Company in respect of ESOP II shall be sent to the address mentioned below:

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16. Governing Law and Jurisdiction

- 16.1. The terms and conditions of ESOP II shall be governed by and construed in accordance with the laws of India.
- 16.2. The Courts of Mumbai, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESOP II.
- 16.3. Nothing in this Clause will however limit the right of the Company to bring proceedings against any Employee in connection with this ESOP II:
- (i) in any other court of competent jurisdiction; or
 - (ii) concurrently in more than one jurisdiction.



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17. Income Tax Rules

The Income Tax Laws and Rules in force will be applicable.

18. Severability

In the event any one or more of the provisions contained in ESOP II shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of ESOP II, but ESOP II shall be construed as if such invalid, illegal, or unenforceable provision had never been set forth herein, and ESOP II shall be carried out as nearly as possible according to its original intent and terms.

19. Confidentiality

19.1. An Option Grantee must keep the details of the ESOP II and all other documents in connection thereto strictly confidential and must not disclose the details with any of his peers, colleagues, co-employees or with any employee and/ or associate of the Company or that of its affiliates or any other person. In case Option Grantee is found in breach of this confidentiality Clause, the Board has undisputed right to terminate any agreement and all unexercised Options shall stand cancelled immediately. The decision of the Board regarding breach of this confidentiality Clause shall be final, binding and cannot be questioned by Option Grantee. In case of non-adherence to the provisions of this Clause, the Board shall have the authority to deal with such cases as it may deem fit.

19.2. On acceptance of the Grant of Option offered by the Company, it shall be deemed that as if the Option Grantee has authorized the Company to disclose information relating to the Option Grantee during the process of implementation of the Scheme or while availing any consulting or advisory services thereof or any other incidental services, to its officers, professional advisors, agents and consultants on a need to know basis.



Annexure I

Vesting Schedule & Conditions

For the purposes of this ESOP II and the Articles, the terms:

- (a) **“Change in Control Sale”** shall mean a sale of shares of the Company that results in any one person who is not a shareholder of the Company as on the Reckoning Date acquiring more than 50% of the Company’s paid-up share capital.
- (b) **“Management Team Option Grantee”** shall mean the CXOs of the Company who directly report (i.e. not through any intermediate personnel) to the Chief Executive Officer of the Company and Zonal Business Heads of the Company. Currently, the Management Team Option Grantees are Mr. Manoj Viswanathan, Mr. Ajay Khetan, Mr. Gaurav Mohta, Ms. Vilasini Subramaniam, Ms. Nutan Gaba Patwari, Rama Krishna V, Arunchandra Jupali and Abhijeet Jamkhindikar.
- (c) **“Non-Management Team Option Grantee”** shall mean an Option Grantee who is not a Management Team Option Grantee.
- (d) **“Reckoning Date”** shall mean October 16, 2020.
- (e) **“Trigger Sale”** shall mean all Trigger Shareholders collectively selling more than 50% of the Company’s paid-up share capital to one or more persons. For the avoidance of doubt, this condition shall not be satisfied if any of one of the Trigger Shareholders does not sell any shares in such transaction.
- (f) **“Trigger Shareholder”** shall mean any shareholder of the Company who holds more than 20% of the paid-up share capital of the Company on a fully diluted basis on the Reckoning Date.

Non-Management Team Option Grantee

1. Vesting will be in 6 equal installments starting from 1st April 2018. If the grant is after 1st April 2018, then the Vesting will start from 1st April 2019 and so on.
2. If there is a Change in Control Sale or a Trigger Sale, all unvested Options will Vest immediately.

Management Team Option Grantee



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1. Vesting will be based on performance and time for all Options to be granted to the Management Team Option Grantee, other than the Options that vest on October 15, 2020 (“Option Pool”).
2. If there is a Change in Control Sale or a Trigger Sale, all unvested Options forming part of the Option Pool will Vest immediately.
3. In accordance with and subject to paragraph 4 below:
 - 3.1 66% of the Options (“66% Option Pool”) will Vest in 6 installments of 11% each starting from April 1, 2018. If the grant is after April 1, 2018, then the Vesting will start from April 1, 2019 and so on.
 - 3.2 The remaining Options will Vest in accordance with Annexure II below.
4. All Options will Vest as per the schedule in paragraph 3 above in the event of 100% achievement against agreed performance milestones to be specified by the Board or the Nomination and Remuneration Committee in the following manner:
 - 4.1. If the performance is below 100% against agreed milestones, then the Vesting will be proportional to the achievement percentage subject to a minimum achievement of 75%. There will be no Vesting if the achievement is below 75% for a given financial year.
 - 4.2. Unvested portion of each year’s share will go back into the Option Pool of the respective Option Grantee (“Clawback Pool”).
 - 4.3. From the subsequent year, the Option Grantee will have the opportunity to Clawback any unvested Options from the Option Pool from the previous years by overachieving on the performance milestones.
 - 4.4. Notwithstanding the above, the Board may at its discretion, accelerate the vesting of up to 7% of the aggregate of Option (“Accelerated Options”) granted to each employee of the management team on the Listing of Shares pursuant to an initial public offering undertaken by the Company. The Accelerated Options will reduce from the last installment of 66% Option Pool for an employee of the management team.



public offering undertaken by the Company. The Accelerated Options will reduce from the last installment of 66% Option Pool for an employee of the management team.

ANNEXURE II
VESTING OF OTHER OPTIONS FOR MANAGEMENT TEAM OPTION
GRANTEES

Grant Date	Vesting on October 15, 2020*	Apr 2021	Apr 2022	Apr 2023	Apr 2024	Apr 2025	Total
Apr 2017	9.39%	8.20%	8.20%	8.21%			34.00
Apr 2018	9.39%	6.15%	6.15%	6.15%	6.16%		34.00
Apr 2019	9.39%	4.92%	4.92%	4.92%	4.92%	4.93%	34.00

* This vesting has been computed in terms of the vesting conditions applicable as per the Annexure set out under the Employee Stock Option Scheme II (as approved by the Board at its meeting held on January 30, 2018 and of the shareholders of the company at the general meeting held on February 28, 2018, and as amended by the Board at its meeting on November 18, 2019) and further amended by the Board and the Shareholders at their meeting held on October 15, 2020.




Date - January 7, 2021

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ANNEXURE III

FORMAT OF POWER OF ATTORNEY

POWER OF ATTORNEY¹

This POWER OF ATTORNEY is made on the [●] day of [●] by [●], [son / daughter] of [●], residing at [●] and holding an Indian passport bearing number [●], (hereinafter referred to as the "Principal", which expression shall, unless repugnant to the context, include his/ her legal heirs, executors and administrators):

WHEREAS:

- (1) The Principal has been granted stock options of Home First Finance Company India Limited, a public limited company incorporated under the Companies Act, 1956 with corporate identification number U65990MH2010PLC240703, having its registered office at office 511, Acme Plaza, Andheri Kurla Road, Andheri East, Mumbai 400059, India (hereinafter referred to as the "Company", which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns) pursuant to an employee stock option scheme formulated by the Company ("ESOP Scheme").
- (2) In terms of the ESOP Scheme, the Principal is required to authorise the persons identified by the Board of the Company to execute all such documents and perform all such actions as are necessary for exercise of vested options by the Principal in accordance with the ESOP Scheme ("Exercise") and/or transfer of shares allotted to the Principal in terms of the ESOP Scheme ("Transfer"), as per the provisions of the Articles.
- (3) Accordingly, the Principal is desirous of irrevocably appointing the Company and any person identified by the Board of the Company (the "Attorney") as his/ her true and lawful attorney in relation to the matters contemplated herein and on the terms and conditions set out herein.

NOW THEREFORE, this power of attorney witnesses as follows:

1. In consideration for grant of stock options of the Company to the Principal,
 - 1.1 the Principal does hereby exclusively, unconditionally and irrevocably nominates, constitutes and appoints the Attorney as the Principal's true and lawful attorney for /to act in the Principal's name to, do, execute, and perform (without being under any obligation to do so) all or any of the following acts, agreements, matters, and things, and to do on the Principal's behalf all such acts and things which the Attorney may in its sole and unfettered discretion determine to be necessary, desirable or appropriate in connection with any Exercise or proposed Transfer including all or any of the following (in each case in such manner and on such terms as the Attorney in its absolute discretion shall think fit):

¹ Note: This Power of attorney, when executed, should be duly stamped and notarised in accordance with requirements under applicable laws.



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- (i) negotiating, settling, agreeing, executing, filing and issuing any and all deeds and documents in connection with any Exercise or proposed Transfer (including issue of any exercise notice to be issued to the Company, filings with authorized dealer banks under the Foreign Exchange Management Act, 1999 and issue of delivery instruction slips to depository participant for giving effect to the Transfer) in such form and manner as the Attorney may determine as appropriate to give effect to any Exercise or proposed Transfer,
 - (ii) dealing with all matters relating to any Exercise or proposed Transfer (including all matters relating to any notice to any person, or any consent to be given or action to be taken by any party or procuring consents, as may be required);
 - (iii) receiving and holding the consideration in relation to any Transfer in custody and for the benefit of the Principal, provided that the Attorney shall be entitled to adjust from such consideration (i) exercise price payable by the Principal to the Company for the Exercise prior to such Transfer; and/or (ii) any expenses that the Principal is required to bear in connection with the Transfer;
 - (iv) negotiating, settling, agreeing, executing, filing and issuing any document or agreement that amends, supplements, replaces or novates any document described in paragraphs 1.1(i) and 1.1(ii) above;
 - (v) AND GENERALLY to do, perform and execute all acts, agreements, matters and things relating to or concerning or touching these presents as fully and effectually as if the Principal personally was present and had done, performed or executed the same themselves.
- 1.2 It is hereby declared that the powers and authorities vested hereunder to and/or in favour of the Attorney may be sub-delegated, transferred or assigned to any other persons as the Attorney may consider appropriate in the Attorney's sole discretion, and upon such delegation, transfer or assignment, the rights and obligations hereunder shall flow to such sub-delegatee, transferee or assignee.
- 1.3 It is hereby declared that this Power of Attorney granted by the Principal is in consideration of the performance of the Principal's obligations in connection with the proposed Transfer, when due and is thus irrevocable; and shall not be revoked by the Principal under any circumstances and for any reason, without the prior written consent of the Attorney.
- 1.4 I, the Principal confirms that (i) no similar powers have been provided to any person, other than the Attorney, and (ii) the matters which shall be done by the Attorney for the aforesaid purposes shall be good, valid and effectual to all intents and purposes whatsoever as if the same has been done by me in my own proper person and I hereby agree at all times to ratify and confirm whatsoever the Attorney shall lawfully do or cause to be done by or concerning the purposes set out hereinabove.
- 1.5 The Principal hereby unconditionally and irrevocably agrees to ratify and confirm whatever the Attorney does or causes to do by virtue of the powers granted to him hereinabove.



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2. This power of attorney shall be governed by and construed in accordance with Indian law and any disputes in relation to the same shall be subject to the jurisdiction of the courts of Mumbai.

IN WITNESS WHEREOF, I, the undersigned have hereunder set my hand and seal on the date and place written above.

[insert name of option holder/ shareholder], the Principal

For, Home First Finance Company India Limited, the Attorney

Witnesses

1. _____

2. _____

